

Message Text

CONFIDENTIAL

PAGE 01 STOCKH 01450 122321Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 IO-13 /034 W
-----109655 122338Z /62
R 121408Z APR 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 3530

C O N F I D E N T I A L STOCKHOLM 1450

STADIS////////////////////////////////////

FOR WILLIAM ROOT EB/EWT FROM SHERWOOD

E.O. 11652: GDS
TAGS: ESTC, SW
SUBJECT: CONTROLS ON EXPORTS FROM NON-ALIGNED COUNTRIES

1. I HAVE DELAYED RESPONDING TO YOUR LETTER OF MARCH 20
BELIEVING, MISTAKENLY APPARENTLY, THAT STOCKHOLM WOULD RECEIVE
ANOTHER CABLE FOLLOWING UP ON STATE 34145. I NOW CONCLUDE THAT
THE CABLE WAS STATE 70511 OF MARCH 18.

2. YOU HAVE STOCKHOLM'S REPLY TO STATE 70511'S REQUEST FOR
SANITIZING STOCKHOLM'S 908 (STOCKHOLM 1277).

3. WITH RESPECT TO YOUR MARCH 20 LETTER, QUOTATIONS SUGGESTED
FOR THE CLASSIFIED COVER LETTER AND THE UNCLASSIFIED REPORT ARE
ACCEPTABLE TO ME.

4. TURNING TO PARA 2 OF YOUR LETTER AND THE CONGRESSIONAL
RESEARCH SERVICE QUESTION UNDER "TOPIC 6 ISSUE 8," IT IS
DIFFICULT FOR ME TO JUDGE THE OVERALL QUESTION OF INDIRECT
LEAKAGE OF ADVANCE TECHNOLOGY FROM FRIENDLY NATIONS TO THE
SOVIET UNION. RECORDS HERE DO NOT INDICATE THAT
LEAKAGE FROM SWEDEN HAS BEEN A SIGNIFICANT PROBLEM.
OF COURSE, THERE MAY BE SOME DISAGREEMENT IN THE CASE
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OF THE NUCON 400 CONTRACT. AS YOU KNOWN, RECORD KEEPING
IN OUR EMBASSIES IS VERY LIMITED IN TIME AND I CANNOT
SPEAK FOR LEAKAGE WHICH MIGHT HAVE OCCURRED IN THE 50S,
60S, AND EARLY 70S FROM SWEDEN WHICH WAS REGARDED AT
THE TIME AS DISTURBING. I DOUBT, HOWEVER, THERE WAS
ANY SERIOUS PROBLEM.

5. CONTINUING ON "TOPIC 6 ISSUE 8," I DOUBT IT IS WITHIN THE POWER OF US AUTHORITIES TO CONTROL THIRD COUNTRY TRANSFERS. IN THE CASE OF SWEDEN, HOWEVER, AS WE HAVE ALREADY DISCUSSED IN CONNECTION WITH THE NUCON 400 EXCHANGES, A DIALOGUE AT THE DIPLOMATIC LEVEL IS FEASIBLE AND WELCOME UNDER CONDITIONS OF ADEQUATE ADVANCE KNOWLEDGE OF US ATTITUDES. THERE ARE SOME OBVIOUS CONSIDERATIONS WHICH WASHINGTON IS IN A BETTER POSITION TO ASSESS THAN IS EMBASSY STOCKHOLM. FOR EXAMPLE, THE SPREAD OF TECHNOLOGY PROVIDES SWEDEN AND OTHER INDUSTRIAL OR INDUSTRIALIZING NATIONS AN INCREASING ARRAY OF ALTERNATE SOURCES OF SUPPLY TO US SUPPLIERS. THE MORE INTERFERENCE IS ATTEMPTED IN RELATIONS BETWEEN SWEDISH BUYERS AND US SUPPLIERS THE MORE THE FORMER WILL LOOK TO THAT GROWING NUMBER OF ALTERNATE SOURCES, AND TRADITIONAL AND DESIRABLE SWEDISH-US SUPPLIER RELATIONSHIPS WILL BE FRUSTRATED.

6. I CONFESS I AM SOMEWHAT INFLUENCED BY THE VIEWS EXPRESSED TO ME RECENTLY BY JORDAN BARUCH DURING HIS BRIEF VISIT TO STOCKHOLM. AS YOU KNOW, BARUCH DOES NOT BELIEVE IT IS FEASIBLE, GENERALLY SPEAKING, TO CONTROL TRANSTECH, AT LEAST IN THE FRAMEWORK BEING CONSIDERED BY DOD IN ELUCIDATING THE IMPLICATIONS OF THE BUCY REPORT.

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7. TURNING TO THE "TOPIC 7 ISSUE 2" PORTION OF PARA 2 OF YOUR LETTER, I CANNOT SPEAK TO THE POSSIBILITY OF REFORMING COCOM PROCEDURES. HOWEVER, AS FAR AS COORDINATING "WESTERN TECHNOLOGY"--I.E., COCOM PLUS THE NEUTRALS--WE CAN ALWAYS CONSIDER INFORMAL DIPLOMATIC DISCUSSIONS AS MENTIONED ABOVE. ON THE WHOLE, IT IS MY IMPRESSION THAT COOPERATION BETWEEN US AND THE NON-ALIGNED NATIONS HAS BEEN GOOD. CIRCUMSTANCES WILL VARY FROM CASE-TO-CASE, AND THERE WILL ALWAYS BE BUSINESSMEN WHO CAN BE INDUCED TO STEAL OR SELL TECHNOLOGY OUTSIDE OF ALL FORMAL AND INFORMAL CONTROLS, BUT FOR THE MOST PART I THINK AN INFORMAL DIALOGUE BETWEEN GOVERNMENTS CAN BE EFFECTIVE.

8. I UNDERSTOOD FROM BARUCH THAT PRM 31 WITH ITS SPLIT VIEWS HAD BEEN PRESENTED TO THE PRESIDENT WHO SENT IT BACK FOR REWORKING. THEREFORE I SUSPECT THAT EVENTS OBVIATE THE NEED FOR ME TO CONSIDER A REPLY TO THE LAST TWO PARAS OF YOUR MARCH 20 LETTER.
KENNEDY-MINOTT

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NNN

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